

## REMARKS

Claims 3-6 remain pending after this amendment.

Claims 3 and 6 are in independent form.

Claim 3 has been amended to recite the additional limitations of the vendor's identification stored along with the transaction data but without any other information about a money account that would be required to process the smart card.

Support for this amendment may be found on page 15, lines 6-8 and on page 16, lines 11-13 of the Specification.

Claim 6 has been amended to correct two typographical errors.

### **Obviousness Rejection**

Applicants respectfully traverse the rejection of the claims under 35 U.S.C. 103 in view of Tedesco et al. and Seifert et al. for the reasons outlined below.

Tedesco discloses a smart card issuing device that can accept payment in various forms including credit cards. It does not operate in connection with any vending installation, and does not maintain or process any data related to the operator of a vending installation.

Seifert discloses temporarily storing records of monies received from a potential purchaser (not received by a vendor). The stored records are later debited upon request by the purchaser to pay for goods or services, and the amount debited is transferred or otherwise paid to the seller of the goods or services.

The applicants submit that by citing these references, the Examiner has not met his burden of proof in demonstrating that the cited prior art anticipate or render obvious the elements recited

in the claims as listed below:

As to Claim 3:

A device used in combination with a good or service dispensing installation operated by a vendor that can accept currency and process a purchaser's creditable and debitable smart card including:

- a) writing on said card the amount of currency accepted
- b) debiting said card by an amount of payment for purchased items
- c) keeping records of currency accepted and amounts debited from the card, along with the identification of the vendor.

Tedesco discloses structures similar to items a) and b) above but does not teach or suggest associating the device or the stored records with a specific vendor. It should be noted that the term "vendor" first mentioned in the preamble of Claim 3 is now referred to in the last limitation of the claim. Accordingly, the recitations in the preamble constitutes limitations of the claimed invention.

This amendment further distinguishes the invention from Tedesco and from Seifert by excluding the recording of any information necessary to process the card (such as the card-holder name or a personal identification code) in connection with a money account.

As to Claims 4-6:

Seifert, as noted by the Examiner on page 3, third paragraph of the Office Action, suggests updating the card holder account information, validating the authenticity of the card, and updating new available/fund amount on the card.

However, none of those transactions or means to do the same is claimed in the application.

The records stored by the device relate only to the vendor. As stated on page 16, line 12 of the Specification, “the smart card need not be processed by the clearing house. . .”

The gist of the invention and its numerous advantages over the prior art reside in the complete disassociation of the purchaser account from the whole process.

It should be noted particularly that the amount written or debited from the purchaser’s card is stored along with the identification of the vendor not the card holder, even though the card holder may have used the system for simply recharging the card, without making any kind of purchase from the vendor.

In Seifert the inventors failed to appreciate the full potential of smart cards and consequently teach away from the instant invention by insisting upon associating the card with its holder or his bank account as specified in column 3, lines 1-5 and 10-14.

The automatic clearing house (ACH) of the reference does not do anymore than a standard bank clearing house used to process checks. It is always associated and operates upon a cardholder/purchaser account (col.4, lines 60+; col.5, lines 5+). By contrast, the instant invention proposes a simple service-computer or server (page 16, lines 5-13) that does not interface with any cardholder/purchaser money account.

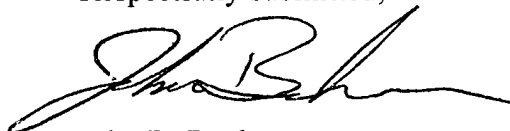
The inventors concede that when a purchaser pays for goods or services with some types of debitable smart card, his or her identity is not always revealed (e.g., when using a smart card in a public phone). However, an identification of the issuer of the card or the financial institution that recharged it must be recorded along with other information necessary for an orderly accounting of the money transfer. Moreover, devices, such as public phones, that accept such a card do not need to record the identity of the phone carrier, and do not offer any means to reload the card.

The invention is truly revolutionary in that it turns the creditable and debitable smart card into a new type of "plastic cash," a form of currency that, like a banknote, does not require any processing through a computer system such as the one disclosed in Seifert.

Applicants submit that no prima facie case of obviousness can be established by the disclosures of the cited prior art. This prior art has little relevance to the invention, and whatever related material may be found in it points away from the very different approach proposed by the invention to handle point-of-sale payment options.

In view of the above, an early allowance of the pending claims is earnestly solicited.

Respectfully submitted,



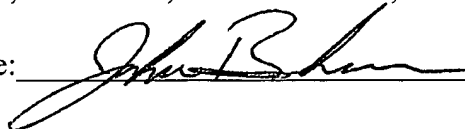
John D. Buchaca  
Registration No. 37,289

1545 Hotel Circle South, Suite 150  
San Diego, California 92108-3426  
Telephone: (619) 294-2922  
Fax No. (619) 294-8674

040580

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450, on May 23, 2005, by John D. Buchaca, Reg. No. 37,289.

Signature: \_\_\_\_\_



Date: 5-23-05